

APPEALS FINALIZES EX PARTE RULES

WASHINGTON – The Internal Revenue Service finalized rules to implement provisions of the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98) that protect the independence of the Appeals organization by issuing Revenue Procedure 2000-43.

RRA 98 required the Commissioner of Internal Revenue to implement a plan of reorganization that would ensure an independent Appeals function within the IRS and prohibit ex parte communications between appeals officials and other IRS employees to the extent that such communications appear to compromise Appeals' independence. An ex parte communication would take place when Appeals and another IRS function talk to each other about a case, without the participation of the taxpayer or the taxpayer's representative.

Last year, Appeals published Notice 99-50, containing proposed rules concerning the ex parte communication prohibition and requested comments from the public. Following careful consideration of all the comments received, IRS modified the proposed procedures to address some of the concerns raised.

Some highlights of the new ex parte procedure:

- The taxpayer or representative must be given the opportunity to participate in communications between Appeals Officers and other IRS personnel that deal with matters that are not entirely ministerial, administrative or procedural in nature.
- Consistent with the suggestions of some commentators, limitations have been placed on ex parte communications between Appeals and certain employees in the Office of Chief Counsel.
- Procedures have been adopted to permit taxpayers or their representatives to waive the prohibition.

"With the publication of these ex parte rules, Appeals has completed one of its most important operational priorities for this year," said Dan Black, National Chief of Appeals. "We listened to our customers' concerns, and have adopted rules that ensure open lines of communication between Appeals and taxpayers. Those open lines of communication can make Appeals an even more effective administrative dispute resolution service."

As part of the IRS reorganization, the redesigned Appeals Division began work last month. Appeals plays a vital role in the tax system by providing taxpayers with an administrative opportunity to resolve tax disputes without going to court.

For additional information, visit the Appeals Web site at:
www.irs.gov/prod/ind_info/appeals.

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